

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

OCT 18 1966

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(7) of the Internal Revenue Code.

The information presented states that you were formed [REDACTED]

Your purpose is to conduct on an annual basis, the [REDACTED] [REDACTED] is held annually for the pleasure, social mingling and culture development of members of [REDACTED]. The corporation is and shall be affiliated with [REDACTED].

You stated that you have no members and that the [REDACTED] sorority was organized by a business corporation. The business corporation controls the sorority and member chapters.

Section 501(c)(7) of the Internal Revenue Code provides exemption for: Clubs organized for pleasure, recreation and other nonprofitable purposes, substantially all the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.

Revenue Ruling 69-635, 1969-2 C.B. 126, holds that a comingling of members must play a material part in the activities of the organization before a section 501(c)(7) exemption can be granted.

Revenue Ruling 66-360, 1966-2 C.B. 228, holds that when a national sorority is created and controlled by a business corporation engaged in furnishing services and supplies to the sorority and its members chapters, neither the sorority nor its chapters can qualify for exemption from Federal income tax under section 501(c)(7) or section 501(c)(4) of the Internal Revenue Code of 1954.

Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
[REDACTED]	[REDACTED]					

On the basis of the information presented, we conclude that you are not organized and operated within the regulations pertinent to section 501(c)(7) because your organization does not have any members. If your organization did have members they would be the individuals who are members of the [REDACTED] which is an organization described in Revenue Ruling 66-160, 1962-2 C.B. 226, and then your organization would be controlled by the business corporation.

If you do not agree with these conclusions, you may, within 10 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 10 days of the date of this report or letter, this proposed determination will become final.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

[REDACTED]
District Director

Enclosure:
Publication 892